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A Bosnian Serb struggling to rush a comrade to help after he stepped on a mine.

U.S. Seeks to Broaden List of Serbian Targets Allies Prodded to Ensure Credibility Of NATO Ultimatum on Sarajevo Siege

By Douglas Jehl New York Times Service WASHINGTON — The United States is pressing its allies to allow the North Atlantic Treaty Organization to broaden its threat...

New Japan Coalition Gets Off to Rocky Start Slower Action On Recovery Now Expected

By Steven Brull International Herald Tribune TOKYO — The political gridlock that delayed the installation of Japan's new government Thursday was the first concrete sign that official decision making will be slow and contentious...

Clinton's Battle of the Budget: A Genteel Showdown

By R. W. Apple Jr. New York Times Service WASHINGTON — Starting defeat in the face, Richard RB melodramatically offered to trade his kingdom for a horse...

U.S. Seeks to Mediate Ex-Soviet Conflicts

By R. Jeffrey Smith Washington Post Service WASHINGTON — The Clinton administration has decided to intercede diplomatically in regional and ethnic disputes involving some of the 15 newly independent states of the former Soviet Union...



Tsutomu Hata, right, a leader of the coalition, conferring Thursday with a colleague.

Benelux Moving To Money Union With Germany

BRUSSELS — Belgium and Luxembourg are seeking to join the effective currency union between Germany and the Netherlands that grew out of the changes in the European Monetary System this week...

Kiosk 4 Rockets Hit South Lebanon MARIYOUN, Lebanon (Reuters) — Guerrillas fired four rockets into Israel's 'security zone' in southern Lebanon on Thursday for the first time since Israel called off its attacks in the south last week...

Forget Tobacco — Try Some Eggplant BOSTON — Here's some food for thought: Some vegetables apparently contain small amounts of nicotine, the addictive substance in tobacco...

Table with market data: Dow Jones Down 3.08, Trib Index Down 0.23%, The Dollar, Yen, FF.

Why Swim the Channel Now? Because It's Still There

By William E. Schmidt New York Times Service DOVER, England — Beneath the White Cliffs, along a rocky beach where the first hazards are children skipping stones the size of baseballs, Sandra Jenkins stands ankle deep in the surf, windmilling her sun-tanned arms and taking great chuffs of breath as she stares down the French shore, 21.5 miles across the English Channel...

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# STATESIDE / GROWING UP IN CONGRESS

## On Budget, House Freshmen Feel Heat From Both Sides

By Kevin Merida

Washington Post Service

WASHINGTON — Representative Karen Shepherd, Democrat of Utah, voted for President Bill Clinton's economic plan once and had planned to vote for it again. But her conservative district, which she won with just 52 percent of the vote, has been bombarded with anti-Clinton, anti-tax radio ads from the Republican National Committee and the Christian Coalition. And the ads have been having an impact on her constituents.

"There have been so many distortions and outright lies about this budget package," said Representative Shepherd. "My problem is I have to somehow rise above that regardless of the political consequences."

The Democratic National Committee is airing counter ads in the districts of 11 freshmen who are under fire for supporting the budget plan, including Ms. Shepherd. The Democratic national chairman, David Wilhelm, appeared on a Salt Lake City radio call-in show to deflect some of the criticism she is receiving. Mr. Wilhelm said the message in the effort was, if you stand by the president, the party will back you up.

When the House first voted on the Clinton economic plan May 27, 11 of the 38 Democrats who opposed it were newcomers. With another close vote expected on the budget package, freshmen Democrats again faced a crucial test of party loyalty.

"This is the Super Bowl of pressure," said Marjorie Margolis-Mezvinsky, Democrat of Pennsylvania, who voted against the president's plan and said she would not back the version negotiated by a House-Senate conference.

Like Ms. Margolis-Mezvinsky, other freshmen who leaned against the plan said that the compromise package contained a burdensome gasoline tax and not enough spending cuts, and that sentiment in their districts was overwhelmingly against it. Among this group were Sam Coppersmith, Democrat of Arizona; Pat Danner, Democrat of Missouri; David S. Mann, Democrat of Ohio, and Scotty Baesler, Democrat of Kentucky — all of whom voted no the last time.

Although the vast majority of the 66 Democratic freshmen were expected to vote for the plan, many were torn between their desire to support the president and the political realities of their districts.

Democratic leaders were able to turn around some freshmen, but others who had voted for the plan had second thoughts. James A. Barcia, Democrat of Michigan, for instance, is "giving us some problems," said one Democratic source. Mr. Barcia's office confirmed that he was undecided.

Some freshmen found it difficult to reconcile what they had told voters during their campaigns with the necessary give-and-take of governing. Peter Barca, Democrat of Wisconsin, had just won a special election and had not been sworn in when the House

approved Mr. Clinton's plan in May — a plan he told voters he would not have supported. Mr. Barca was meeting with colleagues, talking with constituents and trying to decide what to do.

For others, a "no" vote will not be difficult to cast. Mr. Baesler said that Mr. Clinton's speech Tuesday resulted in 52 calls to his office Wednesday morning — 38 urging him to vote against the president's plan.

Mr. Mann said his constituents thought the package is "laughable" because many of the spending cuts do not kick in until 1996. "They don't trust Washington," he said. "They don't trust Congress to implement the spending cuts later."

"And based on the performances of past Congresses, their skepticism is well-founded. If I go along, I'm part of the problem."

The White House has tried to show that there are rewards in the form of public stroking for those who change their minds. The president met Wednesday with Carolyn B. Maloney of New York and Paul McHale of Pennsylvania, both freshmen Democrats, and then touted the importance of their support at a news conference at the Capitol.

Representative Maloney, who had been concerned about the energy tax and the impact of the package on senior citizens in her New York City district, said, "It's time for us to rally behind our president."

Freshmen like Eric Fingerhut, Democrat of Ohio,

who came to Washington with high hopes for reform, have been disappointed by the budget process. Mr. Fingerhut, co-chairman of a Democratic freshman reform task force, said the guiding principle throughout the budget negotiations seemed to be "what is the version that can buy off one or more sets of votes needed for passage." Mr. Fingerhut, who voted "yes" the first time, said he was undecided.

And there are other freshmen frustrations. When the Clinton plan was first voted on in the House, the freshmen were leaned on heavily by their leaders and the White House.

"They thought we were easier to push around," said one Democratic freshman who voted against the Clinton plan.

But party leaders say they recognize that some freshmen face special circumstances. Virtually all the Democratic freshmen who voted against the president's package either won their races by relatively narrow margins or ran in districts that Mr. Clinton did not carry. And many who have stuck their necks out for the president, like Representative Shepherd, have done so at risk to their careers.

"It seems to me it's not perfect," Ms. Shepherd said of the budget compromise. "But the worst of all of the alternatives is not to pass it, and not move forward to health care, free trade and all of these other things we need to do."

### POLITICAL NOTES

#### It's Not the Song That Matters, It's the Voice

WASHINGTON — Last week, Senator Carol Moseley-Braun stood onto the Senate floor and urged Senator Jesse Helms and embraced the old boys' club by denouncing an amendment to change the United States flag to honor the Confederacy's patent on the Confederate battle flag.

It made the Illinois Democrat a hero to millions of Americans. Wednesday night, at the National Urban League 1993 dinner, she casually mentioned another, more private victory. She was on a Senate elevator Tuesday with Senators Orrin G. Hatch and G. Kent Conrad when the doors opened — and in stepped Senator Helms, the North Carolina Republican.

"He saw me standing there, and he started to sing, 'I wish I was in the land of cotton,'" she told the audience. "And he looked at Senator Hatch and said, 'I'm going to make her cry, I'm going to sing 'Dixie' until she cries.'"

"And I looked at him and said, 'Senator Helms, your singing would make me cry if you sang 'Rock of Ages.'"

She looked at the crowd and allowed herself a small smile as the Washington Convention Center erupted in whoops and cheers.

Score another one for the new kid in town. (WP)

#### Clinton's Ratings Still Low, but There's Time

WASHINGTON — President Bill Clinton's approval rating remains weak, at 39 percent, largely because many people believe that he breaks his promises and cannot get things done, according to a poll by the Times Mirror Center for People and the Press.

Nevertheless, most Americans perceive Mr. Clinton as a warm, friendly person who is well-informed and say that it is too early to determine whether his presidency ultimately will be a successful one.

Relatively few can cite any Clinton accomplishments, although support for his economic plan and his handling of foreign policy and trade issues is fairly strong and up slightly from previous polls. In sharp contrast, there is clear disapproval of the president's decision to ease the ban on homosexuals in the military.

The survey found that 39 percent approve of Mr. Clinton's job performance, while 46 percent disapprove. Although the president's approval rating jumped about a dozen points after the June 26 attack on Iraqi facilities in Baghdad, his latest rating has returned to the level of early June. But the jury is still out in the long term: 60 percent think it is too early to judge the success or failure of his presidency.

The public overwhelmingly considers the president warm and friendly (87 percent) and well-informed (63 percent). At the same time, a majority does not think that the president keeps his promises (53 percent) and does not believe he can get things done (54 percent). The public is also evenly divided on whether it thinks he is well-organized. (LAT)

#### Rostenkowski Pays the Price for Legal Woes

WASHINGTON — Representative Dan Rostenkowski, fighting a federal investigation of his finances, has spent more than \$355,000 in campaign funds on lawyers' fees for himself and his aides in the last 18 months, federal records show.

Such use of campaign money is entirely lawful. But the amount of the lawyers' bills, while not unprecedented for a member of Congress under criminal inquiry, is a reflection of the depth of the legal trouble that Mr. Rostenkowski, the Illinois Democrat who heads the House Ways and Means Committee, may be facing.

Robert V. Rota, former postmaster of the House post office, has told federal investigators that Mr. Rostenkowski embezzled tens of thousands of dollars from the post office by exchanging stamp vouchers drawn on his office account for cash, according to court records filed when Mr. Rota pleaded guilty to misdemeanor charges in federal court here last month. (NYT)

#### Quote/Unquote

"It's not easy, it's painful to admit mistakes you make," Margaret M. Richardson, commissioner of the Internal Revenue Service said after listening to members of the Senate Governmental Affairs Committee express outrage that some IRS employees had abused their public trust by improperly browsing through tax records. (WP)

## King Case Penalties Attacked as Racist

Compiled by Our Staff From Dispatches

LOS ANGELES — Rodney G. King joined federal prosecutors and black leaders Thursday in criticizing the 30-month sentences given the two policemen convicted of beating him. Prosecutors said they may appeal.

"If it was me I would have been doing 10, 15 years," Mr. King said in an interview shown on NBC. "But once you're going up against police officers, it's hard to prove it. Who's going to believe you?"

While he said he was satisfied, Mr. King expressed some relief that Sergeant Stacey Koon, 43, and Officer Lawrence Powell, 30, did at least get some prison time.

In sentencing the two Wednesday, Judge John Davies of the U.S. district court said that Mr. King, by being combative, brought much of the beating on himself.

The two policemen had faced a maximum of 10 years in prison and \$230,000 in fines for violating Mr. King's civil rights. Federal guidelines called for sentences of six or seven years.

With "good" behavior, the two men could be free in a little more than two years. They were ordered to report to prison Sept. 27. However, lawyers for the two policemen said they planned to appeal the convictions.

All available police officers were put on duty to prevent a repeat of the rioting that left more than 50

people dead in 1992 after Sergeant Koon, Officer Powell and two other policemen were acquitted on state charges in the beating.

The city remained calm overnight and the alert was ended this morning, with the police returning to their normal schedules.

Black leaders and citizens alike denounced the sentences.

Benjamin F. Chavis Jr., executive director of the NAACP, said, "These sentences display a blatant disparity, discrimination and inequity, based on race. Once again a double standard of justice in the United States legal system has been exemplified."

Mr. King, who has filed a \$50 million lawsuit against the city, did not attend the sentencing. In the NBC interview, he accused the judge of trying "to set a tone for the civil case" with his comments at sentencing.

Mr. King was clubbed, kicked and stomped March 3, 1991, after leading police on a chase that began when they tried to stop him for speeding. An onlooker videotaped the episode, which became a national symbol of police brutality.

Judge Davies said the policemen had acted legally for the first 67 taped seconds and went too far only after Mr. King had become submissive. Most of the serious injuries were inflicted by that time, he said. (AP, NYT)

### Away From Politics

• A fugitive who was questioned by the FBI after the bombing of the World Trade Center in New York in February and then released has been indicted as a conspirator in the explosion. Federal authorities charged that Abdul Rahman Yasin, also known as Ahmad, helped mix explosive chemicals in the month leading up to the bombing.

• A federal judge has reinstated Leonard Jeffries as chairman of the black studies department at City College in New York, ruling that although he had made "hateful, poisonous and reprehensible statements" and had behaved in a "unhinged" way, his removal had violated his constitutional rights. Mr. Jeffries was removed after a 1991 speech that was considered by many to be anti-Semitic.

• A burglar who killed his 75-year-old victim because he feared being identified was executed in Huntsville, Texas, Joseph Paul Jernigan, 39, became the ninth man to be put to death in Texas this year.

• Energy Secretary Hazel R. O'Leary plans to replace the primary contractor in charge of building the superconducting supercollider with a more experienced company. Universities Research Association Inc., a nonprofit consortium of universities, will continue to handle design questions and operate the collider once it is finished.

• The State Department secretary arrested by the FBI on espionage charges has been accused of helping pass classified cables and other secret information to rebels trying to topple the Liberian government. Geneva Jones and a co-defendant, Dominic Mube of Cameroon, were kept in custody after their arraignment before a federal magistrate in Washington. (NYT, AP, WP, Reuters)

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OPINION

# President Hobson's Deficit Offer

By William Safire

WASHINGTON — Thomas Hobson ran a rent-a-horse agency for the hard-riding scholars of Cambridge, England. His system was not customer-friendly: Renters could take only the next available horse, thereby saving wear and tear on the more popular models. This led the poet Thomas Ward to coin a phrase in 1630: "Where to elect there is but one / 'Tis Hobson's choice — take that or none."

Whatever Democratic budget ultimately passes will be "our plan" and be declared a famous victory.

opponents of the Democratic plan as "guardians of gridoak." (I would have added an alliterative adjective, "grim," to convey the full nattering-nabobs-of-negativism flavor, but speech writers today are more restrained.) There it is, my recalcitrant fellow Democrats, says President Hobson: Pass the leadership compromise or pass nothing. And if it's to be nothing, then the deficit and interest rates will soar and the stock market and the sky will fall. But that is not the way the world of Washington works. Reality check: Victorious Democrats decided to put forward an economic plan all their own, with tax increases starting back before the inauguration and promised reductions in the planned increases of spending starting three years out (unless something comes up). Because this is the opposite of what most voters want, Democratic leaders found it hard getting a tax-ow, maybe-cut-later plan through the Democratic Congress.

read, "the president," meaning Bill Clinton, without straining. Oval Office addresses, like East Room news conferences, do what talk shows and town hall rallies cannot do: confer the ineffable left of presidentiality on a politician. The president sat there and quietly, by the way, in an organized fashion, growing in stature before the nation's eyes.

No, he should not have aped Ross Perot in using the pitcher's charts; yes, he needs to learn how to modulate his voice and change his pace. But the speech was a creditable effort and his delivery has markedly improved.

Bob Dole's "four nos" were as negative as a series of nos usually are; the gallant rear guard must not let itself turn into the Old Guard. The Republican strategy — to let the Democrats squeeze their own juice and stew in it — is aimed at winning the Senate in '94, but cannot suffice for reclaiming the White House in '96. In coming rebuttals, the party should showcase Kemp, Alexander, Cheney, Wilson, Weld and other out-towners with nos in newer clothes.

The Democratic plan is quick to tax and slow to cut. That is a mistake liberals are born to make. For conservatives, the alternative is not to accept Hobson's choice, to say "O.K., then, no plan at all." Instead it is to say, "You guys won the election. Now fix your plan to reduce the deficit: the way the electorate is ready to accept: Tax a little, cut a lot."

The New York Times

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

# The Moment Of Truth on The Deficit

By John D. Rockefeller 4th

The writer is a Democratic senator from West Virginia.

WASHINGTON — This week, Congress will decide the fate of President Bill Clinton's economic package. We will know whether we are finally ready to face our deficit demons.

If the measure fails, America's \$300 billion deficit will double within a decade. Twenty cents of every tax dollar will go in pay interest. Long-term interest rates will spike up, bringing higher mortgage and car payments. Stock prices will slump, economic growth will stall, and business investment will dry up in an already withering job market. Oddly, despite these dire consequences, Republicans have thrown up an ever shifting series of obstacles to the president's plan. I want to believe they have grave, even desperate reasons to risk derailing the president's start toward economic recovery. I am forced to wonder whether fascination with Bill Clinton's first step has obscured the fact that we have been completely off course for more than a decade. The entire solution is not meant to lie in this single budget. We can only begin to reverse what has been a 12-year drift toward financial dissolution. Our goal is progress, not perfection.

A brief conversation with a colleague in a Senate elevator brought it all into focus for me. I urged him to consider the bigger picture. He responded: "All that doesn't matter. What counts is whether it's the right product." I realized then we had become lost in a maze of refracted personal perspectives, hopelessly separated from our original objective. This is not about a product. It is about a process that begins to repair the damage and pay the debt from more than a decade of national neglect. This was never supposed to be easy. This is not another political painkiller. It is long-overdue honesty — and it requires some courage. Think again of the consequences of failure: investments in decline and almost zero job creation; new barriers from trade partners who doubt our resolve to change; no new chance to generate growth; no alternative but draconian meat-cleaver cuts for children, veterans and seniors. Bill Clinton has put his presidency and his political viability on the line. The American people voted for change and said they are ready to shoulder their share. Nearly every Democrat in Congress stands ready to base his or her re-election on taking the first steps back from the brink.

Today there are a handful of holdouts yet to decide. Fifteen years of looking to someone else, or some other day, have brought us to the precipice. A "no" vote will push us over.

The Washington Post

# 'Write Down as Much as You Can'

By Samuel Abt

PARIS — Once I spent a year in California, drinking margaritas, reading early feminist literature, watching baseball games in February, studying the history of Kenya during the Mau-Mau rebellion, discovering the charms of the hot tub and learning about American diplomacy in the 1950s. Those opportunities, among others, were provided by a program now known as the John S. Knight Fellowships, at Stanford University. As a

know the history, language and culture of the region they cover. "Our immediate goal is to raise enough money to fund the program through the end of the century."

### MEANWHILE

former fellow, I am on the mailing list, which is why I received this letter. "For the class of 1990 this year's reunion was both painful and satisfying. Painful, because it brought back so acutely the loss of our colleague, Egon Scotland, killed while covering the war in the former Yugoslavia in July 1991. And satisfying, because at the reunion we were able to announce that the fellowship in ethnic and nationalist conflict we have been working to establish in Egon's honor will bring its first fellow to Stanford in the next academic year. So far, we have raised \$32,000, enough to fund a fellow's study for one quarter for each of the next three years."

Our hope is that this new fellowship will help give our profession more standards set by Egon Scotland. That is, professionals who cannot be duped by one side or another because they

For those former fellows, like me, who didn't know Mr. Scotland, a reporter for the Süddeutsche Zeitung in Munich, and even for those who did, the letter continued with a tribute to him from a classmate, Cote Campbell: "Walking around campus today, I remembered Egon — his ever-present black vest, tousled hair and sly grin. I remembered him working on his masterpiece at the Student Machine Shop; debating Germany's future in the conference rooms at the Hoover Institution; playing Christmas carols on the piano."

"I talked to Egon once in the year after our fellowship — at 2 A.M. Munich time, when a half-dozen of us at a mini-reunion in Washington called him up. He was awake and writing... He was a man of ideas, imagination and action. He wielded a disciplined intellect; he studied Balkan history and Serbo-Croatian while at Stanford. He moved among the people he wrote about... He got to know the Kurdish refugees fleeing the Gulf War and the Serbs and Croats caught up in a civil holocaust. He cared about his colleagues. At

the time he was killed he was out searching for a younger, less experienced colleague. He was killed July 26, 1991. He was 42.

"At the time of his death, Egon was doing the best work of his career. When he was found, there was in his pocket a photocopy of this poem in English, written by Slavko Bronzic of the town of Osijek."

To the Reporter

Write down as much as you can, my friend, but report to the world not only the number of the people who got killed, on the golden fields of Slavonia. Because a number has no name and no stolen future.

Report to the world it was Johann and William, and Victor and Francesca, and Gabriel and Gyorgy who got killed, and that maybe tomorrow you will get killed, too. Write down as much as you can, my friend, but report to the world not only the number of all who got killed on the bleeding fields of Slavonia.

The tribute continued: "Thirty-six journalists have died covering this conflict. We want you to know that one of them was one of us..." International Herald Tribune.

### LETTER TO THE EDITOR

#### Africa and the IMF: In Defense of Economic Correction

Regarding "To the World Bank and IMF: Africa Has Its Own Agenda" (Letters, July 1) from Hassan Summonu:

The writer, secretary-general of the Organization of African Trade Union Unity, suggests that World Bank and IMF-supported economic adjustment programs in Africa have increased African indebtedness and poverty. This assertion flies in the face of the evidence wherever these programs have been carried out in a sustained manner.

It also ignores the fact that the pace of progress achieved has varied across countries, depending on the nature and the severity of the pre-existing economic conditions, the effects at times of unfavorable external developments (such as worsening terms of trade and drought), and domestic political realities.

Mr. Summonu calls on the IMF and the World Bank to abandon their "anti-people and anti-development programs," accept the rights of all countries to formulate their own development plans, give to African governments sovereignty over their economic policies, withdraw all experts from African central banks and finance ministries, and compensate African countries for the harm done them and

write off their debts. Such extreme views ought not to go unmentioned.

IMF-supported macroeconomic and structural adjustment programs aim at helping countries attain higher growth, lower inflation and improved balance of payments and external debt positions. In many cases, the IMF is called upon for assistance when economic imbalances become very severe and growth has slackened, or even turned negative.

In assisting member countries to develop policies to restore economic health, the IMF is, together with the World Bank, helping them direct public spending away from nonessential or unproductive uses, including excessive military spending, to social, infrastructure and other priority needs. It is only through successful stabilization of their economies and determined structural adjustment — to expand supply capacities — that countries will eventually generate resources to promote development and reduce poverty, strengthen debt-servicing capacities and withstand external shocks.

Because the IMF is fully aware that adjustment policies may have temporary adverse effects on some of the poor, it is helping countries design social safety nets and otherwise formulate targeted social

programs to assist the poor during periods of adjustment. It takes great care in tailoring its macroeconomic policy advice to the individual needs and circumstances of each member country. At the request of several African member countries, the IMF has assigned a small number of resident representatives and technical experts in specific areas.

The IMF currently has committed more than \$4 billion under its concessional loan facilities to 30 African countries. IMF loans are drawn from a limited revolving pool of funds, and are made available temporarily to countries in balance of payments needs. If loans were written off, the pool would contract, with the risk of depriving other countries in need — many in Africa — of IMF financing.

I certainly share Mr. Summonu's disappointment at the slow and uneven pace of economic progress in Africa. While those countries with records of determined implementation of strong reform policies have shown progress on growth and inflation, there is indeed a long way to go. Far too many of the countries that have embarked on programs of economic correction have let them slip at the first hurdle.

MAMMOUDOU TOURE, Director, African Department, International Monetary Fund, Washington.



# FRENCH COMPANY HANDBOOK 1993

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NYSE Thursday 11 a.m.

Table with multiple columns and rows of financial data, including stock prices and market indices.

Column of text containing financial news and market analysis, starting with 'The Dow Jones Industrial Average...'.

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Continued on Page 14

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Spain Aims To Wash Debt

BLESING

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THE TRIB INDEX 105.83

International Herald Tribune World Stock Index, composed of 230 internationally investible stocks from 20 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.



The index tracks U.S. dollar value of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland.

Table with 3 columns: Asia/Pacific, Europe, N. America. Rows show index values and percentage changes for various regions.

Table with 3 columns: Energy, Utilities, Finance, Services. Rows show index values and percentage changes for various industrial sectors.

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to Trib Index, 181 Avenue Charles de Gaulle, 92821 Neuilly Cedex, France.

Gold Falls \$23 as Asians Sell Disappointment Over European Rates Feeds Drop

NEW YORK — Gold prices plunged almost \$23 an ounce on Thursday, the largest one-day loss in more than seven years as Chinese gold sales prompted speculators to desert the market.

The price of an ounce of gold for December delivery on the Commodity Exchange in New York tumbled nearly 6 percent from Wednesday's close, to \$380.70, down \$22.60.

Last Friday, the metal hit \$411.30 an ounce, its highest point since the start of the Gulf War, as investors sought a haven from Europe's currency crisis.

Gold has soared 19 percent since Jan. 1 on concerns about a revival of inflation in industrialized nations; increasing demand from growing Asian economies and dwindling supply.

Thursday's sell-off started in London as Australian producers sold metals to benefit from recent high prices, while Chinese investors also increased sales.

Gold's tumble accelerated in New York as commodity funds, which buy and sell based on price moves, abandoned the metal.

Silver also fell, dropping about 9 percent to \$4.77 an ounce, on the Comex spot market in New York.

"The Chinese sold an estimated six to 10 tons of gold overnight," said Bill O'Neill at Merrill Lynch.

Traders said that Chinese citizens had been buying gold by the ton in hopes of hedging their savings against double-digit inflation.

In addition, dealers and analysts said that U.S. commodity funds were taking profits on their gold futures and options holdings and would continue to do so until European countries cut interest rates, a move expected to sharply boost the gold price.

Grid's Loss Is U.S. Gain Economic Boost Would Help America

WASHINGTON — Official Washington hardly wishes to be seen celebrating a difficult and embarrassing moment for European leaders, but quietly, many on this side of the Atlantic acknowledge that the collapse of the European Community's currency grid may turn out to be a blessing for the United States.

"It defused tensions that drove interest rates up in Europe," David W. Mullins Jr., vice chairman of the Federal Reserve Board, said of last weekend's decision. "Better economic conditions in Europe are positive for the U.S. and positive for the climate on trade, including the chances for reducing protectionist sentiment."

There is always the risk that rancor over the breaking of Europe's march toward a single currency could do wide damage, undermining global trade negotiations. But government officials, economists and executives in America are focusing on the economic and political prospects for reviving growth in recession-ridden countries.

Sir Alan Walters, an adviser to former Prime Minister Margaret Thatcher and now vice chairman of AIG Trading Corp., a subsidiary of the international insurance company, put it bluntly: "Europe now has a chance of coming out of its deep slump. If it's good for Europe, so it's good for the U.S. economy."

Executives of U.S. companies with operations in Europe talk of the prospect of many nations reducing interest rates, which could revive moribund economies and sales.

"This will help Thermo Electron," said John N. Hatsopoulos, chief financial officer of that instrument-making corporation, which is based in Massachusetts. "The fact that they'll be able to cut their rates is going to be a lot of help."

Such optimism increased after the Bundesbank, which touched off the crisis by failing to lower its discount rate last week, reduced its repo rate twice this week. The discount rate forms a floor for the German money market, but the repo rate is used to indicate exactly where the central bank thinks they should be. Both are charged on loans to banks that must post government securities as collateral.

Instead of forcing them out of line with individual nations' economic conditions, said executives, might lead to less volatility.

For the United States, which has been hampered by a sluggish, stop-and-go economic recovery, lower interest rates and the possibility of growth in other countries is welcome indeed. Officials expect a mild increase in American exports to Europe as the recession there fades.

But economists and executives also said the recent French-German tension could make it hard for the United States to get cooperation on international undertakings such as the world trade treaty being negotiated in the seven-year-long Uruguay Round of the General Agreement on

See BLESSING, Page 13

Currency Crisis Nearly Drained France's Coffers

PARIS — France all but ran out of cash in its failed effort last week to defend the franc's value in the European Monetary System.

Calculations based on figures released Thursday by the Bank of France showed that France's official foreign-currency reserves had fallen to the equivalent of just 12 billion francs (\$2.03 billion) by July 29, after it had spent 100 billion francs in five days to try to prop up the franc.

Paris-Match magazine reported that Prime Minister Edouard Balladur, in a final bid to protect the franc's value against the Deutsche mark, spoke to Chancellor Helmut Kohl of Germany on the night of July 29 to arrange a secret visit to Paris the next day by Finance Minister Theo Waigel and Hans Tietmeyer, vice president of the Bundesbank.

Earlier that day, the German central bank had refused to reduce its discount rate, the rate at which it lends to commercial banks, despite pressure from France and other European Community members for it to do so.

That refusal set the currency market to betting that France would not be able to maintain the franc at its former rate against the mark. The French government and others bought francs to support the currency's value and to try to prove the market wrong.

But in spite of the efforts of French, German and other officials, and in the face of massive currency-market pressure, EC finance ministers met in Brussels

over the weekend and drastically loosened the bands that had bound the franc and other currencies to the mark.

Their agreement allowed the franc, along with the Belgian-Luxembourg franc, Danish krone, Irish punt, Spanish peseta and Portuguese escudo, to fluctuate within 15 percent of a fixed "central" rate against the mark and the Dutch guilder. Previously, the two francs, punt and krone were only allowed a range of 2.25 percent above or below the central rate.

The report in Paris-Match said Mr. Waigel and Mr. Tietmeyer arrived secretly at an air base near Paris last Friday and spent two hours at the Finance Ministry.

Finance Minister Edouard Balladur and the Bank of France's governor, Jacques de Larosière, tried to persuade them to take the mark temporarily out of the Community's exchange-rate mechanism to ease pressure on other currencies, the magazine said. The Germans backed the idea, but Belgium blocked it in talks over the weekend.

Mr. Balladur's office, the German Embassy in Paris and the Finance Ministry in Bonn all declined to comment on the Paris-Match report.

But official data showed that up to July 29, the Bank of France had spent more than 140 billion francs on currency-market intervention on currency-market intervention.

Much of what it spent would have been borrowed, most likely from the German central bank. France did just that in two other

See FRANK, Page 12

WALL STREET WATCH

ADR Market's Expansion Could Bring Lower Prices

By Susan Antilla New York Times Service

NEW YORK — They're in the headlines, and they're hot. And like every other fashion rage, they can also cost a bundle. But fees attached to international stocks traded as American depositary receipts might actually be coming down — if a new entrant in the ADR business can generate a little competitive price-cutting.

American depositary receipts are certificates for stocks from "other countries that might otherwise be impossible for American investors to buy. Traded on the stock exchanges, on the Nasdaq system and on the over-the-counter market's "pink sheets" of small stocks, they offer easy entry into markets around the world for investors who don't have hundreds of thousands of dollars to put into a stock.

A broker in the United States can, with relative ease, call a trading desk with a small order of ADRs and settle the trade in five days.

But all that convenience comes at a price. "The ADR market is dominated by a trio of New York banks, and they gouge you on price," said Vivian Lewis, editor of Global Investing, a New York newsletter. The Bank of New York, Citibank and J.P. Morgan are "essentially a cartel" in the business, she said.

But now, the trio is being joined by Morgan Stanley Group, which filed requests this spring to offer ADRs for Deutsche Bank and Siemens AG, followed in late June by a filing to sponsor certificates of Body Shop, a British-based retailer of skin and hair-care products.

Nicholas Didier, who runs Morgan Stanley's new depositary-services unit, asserted that Morgan Stanley was a "quality player," as opposed to a price-cuttinger.

Ms. Lewis, though, evaluates the impact of Morgan Stanley's entry differently. "Now we'll see some competition in this business," she said. As examples of the current fees, Ms. Lewis said, Citibank kept 18.5 percent of a dividend payment from Ashton Mining, an Australian mining company, and Bank of New York charged 10 percent to convert that baht to dollars on another recent dividend distribution.

A Citibank spokeswoman said the firm was simply covering its fixed costs on a small dividend. The percentage taken by the bank is smaller when larger dividends are declared, she said.

Kenneth A. Lopian, head of ADR services at Bank of New York, said he was not familiar with the details of the dividend payment.

See ADRs, Page 14

Big Steel Fights Tariff Ruling

By Keith Bradsher New York Times Service

WASHINGTON — American steelmakers, stunned by a federal commission's ruling last week that eliminated many tariffs on imported steel and knocked \$1.1 billion off the value of their stocks in 90 minutes of trading, began a broad campaign this week to reverse the decision.

Led by major companies such as Bethlehem Steel Corp., LTV Corp. and USX Corp., the American steel industry is putting pressure on Congress, the White House and the International Trade Commission.

It wants the commission to vote again on its tariff decisions; is asking the White House to replace a commissioner who voted against the steelmakers, and is urging Congress to review the rulings. Lawyers for the industry are preparing to appeal to the Court of International Trade, a federal court in New York.

A dozen American steel companies filed a petition this week with the International Trade Commission, asking that independent governmental body to vote again Monday because the companies' stocks had tumbled so dramatically.

On July 27, the commission ruled that in 42 of 72 cases before it, the steel industry had not been hurt significantly by imports and therefore was not entitled to continue to be protected from a broad range of imported steel used for construction and machinery.

Citing their slumping stock prices, the steelmakers contended in their petition that "the dramatic behavior" of investors on whom the industry depended confirmed "the injurious effects of unfairly traded hot-rolled and cold-rolled imports."

Bethlehem Steel's shares, which closed at \$18.63 the day before the ruling, ended at \$13.625 Thursday in New York. LTV was at \$11.75, down from \$14.50 on July 26, and USX's U.S. Steel Group was at \$28, compared with \$36.50.

Paula Stern, a former chairwoman of the commission who now advises American manufacturing companies that rely on imported steel, said that no industry in the commission's 77-year history had ever before sought such a reconsideration.

Current commission members declined to comment pending a review of the industry's petition.

In response to the industry's campaign, 60 members of the House of Representatives sent a letter this week to President Bill Clinton requesting a meeting with him and asking that he immediately replace Anne E. Brundsdale, the commissioner who cast the deciding vote in 11 of the 42 cases that the industry lost.

Her nine-year term expired June 16, but the law specifies that a commissioner may serve until a replacement has been nominated by the president and confirmed by the Senate.

The steel industry is likely to refile its cases once a new commissioner has been named, said Alan W. Wolff, a former deputy U.S. trade representative who is advising the domestic steel industry. Because of the change in the composition of the six-member commission, such a re-filing would then be treated as a new case, rather than a reconsideration of an old one.

A White House official, who spoke on condition of anonymity, said that the administration had taken no position on the tariff ruling and that it did plan to nominate a successor for Ms. Brundsdale soon.

Michelle Galanter Appelbaum, a steel analyst for Salomon Brothers, said the American steel industry would be in trouble if the rulings were not overturned.

Source: Reuters, Bloomberg, AP, Associated Press.

Philips Profit Surged 48% in 2d Quarter

Compiled by Our Staff From Dispatches

EINDHOVEN, Netherlands — Philips Electronics NV, Europe's largest consumer-electronics company, said Thursday that its net profit from normal operations in the second quarter totaled 117 million guilders (\$67.7 million), up 48 percent from a year ago.

Net profit for the first half surged to 1.32 billion guilders from 241 million a year earlier, but this increase included a gain from the sale in May of Philips' 35 percent interest in Matsushita Electronics Corp. Without including the one-time gain, net profit was 220 million guilders in the half.

Philips' stock rose to 34.80 guilders, up 1.60 from Wednesday, and analysts said that by cutting costs in the recent recession, the company showed it had been patching the holes in its balance sheet.

"It brings hopes that they may be able to return to a healthy financial position without an issue of new shares," said Joost van Beek, an analyst with Mees Pierson.

Revenue for the second quarter fell 1.3 percent, to 13.49 billion guilders, and the company cited bad exchange rates.

Dudley Eustace, Philips' finance director, warned that business conditions were still tight, particularly in Europe.

Losses on consumer electronics continued to drain operating income but these losses shrank to 150 million guilders in the first half from 177 million a year earlier.

"When will the turnaround come? I think in the second half of next year rather than something that's going to happen at Christmas," Mr. Eustace said.

In the meantime, Philips will continue to tighten its belt. Mr. Eustace said Philips was likely to have cut a total of 10,000 to 15,000 jobs in the course of this year. (Reuters, AP, Bloomberg)

U.S. Job Market Remains Weak

Compiled by Our Staff From Dispatches

WASHINGTON — U.S. factory orders rebounded in June after three consecutive declines, the government reported Thursday, while applications for unemployment benefits showed the largest drop in a year.

But analysts cautioned that neither report indicated that the job market was strengthening.

Orders rose 2.6 percent to a seasonally adjusted \$254.8 billion, the best showing since December, but much of the gain was concentrated in the volatile aircraft industry, the Commerce Department said. Manufacturing has been one of the economy's weak spots this year, in part because consumer demand has

been spotty and in part because downturns abroad have led to fewer orders for U.S. goods.

Economists, noting low business inventories and advances in auto sales this summer, said they expected an improvement. But they cautioned that productivity-minded companies would continue to show reluctance to hire.

The Labor Department said the number of Americans filing first-time claims for jobless benefits fell sharply last week — by 60,000 to 336,000 — even though more flood victims showed up at unemployment offices.

It was the biggest one-week improvement in a year but it followed a week in which claims had ballooned temporarily because of a two-week roofing shutdown at General Motors Corp. plants.

A key barometer of future factory employment worsened in June. The backlog of unfilled orders decreased 0.8 percent to a seasonally adjusted \$458.3 billion, the lowest level since September 1988. It was the fourth consecutive drop.

In other economic news Thursday, major retailing chains reported generally disappointing sales in July. Some retailers had sizable gains but others saw business stagnate or even decline.

(AP, Bloomberg)

VW Seeks To Defuse GM Feud

Reuters

FRANKFURT — A meeting hastily scheduled for Friday for Volkswagen AG's supervisory board looks set to take action to limit the damage done by four months of squabbling over what is known as the Lopez affair.

Sources close to the company said Thursday the session was likely to set up a management board post for public affairs.

But they said the board would support José Ignacio López de Arriortúa, who has been accused of industrial espionage in connection with his recent move to VW from General Motors Corp.

VW's stock price rose 3.7 percent Thursday.

CURRENCY & INTEREST RATES

Table with multiple columns: Cross Rates, Eurocurrency Deposits, Key Money Rates, Other Dollar Values, Forward Rates. Includes various financial data points and interest rates.

Advertisement for Blancpain watches. Features an image of a watch and text: 'IB 1735 BLANCPAIN. The ultra-slim watch. SINCE 1735 THERE HAS NEVER BEEN A QUARTZ BLANCPAIN WATCH. AND THERE NEVER WILL BE. LUIGI VERGA S.A.S. DI VALENTINO VERGA & C. - OROLOGERIA Via Dogana, 3 - 20123 Milano (vettine Via Mazzini) Tel. 02/8056521 - C.F. e P. IVA 04370140156'

MARKET DIARY

Economic Outlook Pressures Stocks

NEW YORK — Worries about the economy pressured stock prices on Thursday while giving a boost to the bond market. "The economy is sluggish, and there is no reason to think this trend is going to change," said Dick Adler, head of the investment committee of Eagle Asset Management.

N.Y. Stocks

3,548.97, while declining issues on the New York Stock Exchange outnumbered advances by 11 to 7 ratio. For the second straight day, despite falling prices on the New York and American exchanges, with the Nasdaq composite index up 1.71 points, to a record 715.50.

While the stock market was sedate, bonds rallied. The bellwether issue, the 30-year Treasury, rose 13/32, to 107 28/32, reducing its yield to 6.52 percent from 6.55 percent on Wednesday.

One impetus for the rise in bonds was that President Bill Clinton's deficit-cutting budget package is expected to pass Congress this week. By trimming the deficit \$496 billion over five years, the plan would directly aid bond prices by reducing the government's borrowing needs.

FRANC: Paris's Reserves Depleted

Continued from Page 11 currency crises in the past 12 months, in which it spent about 160 billion francs. Dealers said Thursday that the Bank of France had started rebuilding its reserves, a process that involves selling francs.

Foreign Exchange

Analysts say the bank is holding money to buffer the franc against its own sales of the currency and keep alive the idea of franc-mark "convergence," a central plank of French economic policy.

World Stock Markets

Table listing stock market data for various international locations including Amsterdam, Frankfurt, London, Milan, Paris, Singapore, and Zurich.



NYSE Most Actives

Table listing the most active stocks on the NYSE, including Amgen, Amgen, Amgen, and others.

AMEX Most Actives

Table listing the most active stocks on the AMEX, including Amgen, Amgen, Amgen, and others.

NASDAQ Most Actives

Table listing the most active stocks on the NASDAQ, including Amgen, Amgen, Amgen, and others.

AMEX Diary

Table listing market activity on the AMEX, including gains and losses for various sectors.

NASDAQ Diary

Table listing market activity on the NASDAQ, including gains and losses for various sectors.

Dow Jones Averages

Table showing the Dow Jones Industrial Average, S&P 500, and NYSE Composite.

Standard & Poor's Indexes

Table showing Standard & Poor's Indexes for various sectors like Industrials, Utilities, and Financials.

NYSE Indexes

Table showing NYSE Indexes for various sectors like Composite, Industrials, and Utilities.

NASDAQ Indexes

Table showing NASDAQ Indexes for various sectors like Composite, Industrials, and Utilities.

AMEX Stock Index

Table showing the AMEX Stock Index and Dow Jones Bond Averages.

Dow Jones Bond Averages

Table showing Dow Jones Bond Averages for various maturities like 30 Year, 20 Year, and 10 Year.

Market Sales

Table showing market sales for NYSE, AMEX, and NASDAQ, including volume and value.

N.Y.S.E. Odd-Lot Trading

Table showing N.Y.S.E. Odd-Lot Trading statistics for various months.

S&P 100 Index Options

Table showing S&P 100 Index Options for various months and strikes.

EUROPEAN FUTURES

Food

Table showing European Futures for Food commodities like Wheat, Corn, and Soybeans.

Metals

Table showing European Futures for Metals like Aluminum, Copper, and Nickel.

Financial

Table showing European Futures for Financial instruments like 3-Month Sterling and 6-Month Sterling.

Industrials

Table showing European Futures for Industrial commodities like Oil, Gas, and Coal.

U.S. FUTURES

Grains

Table showing U.S. Futures for Grains like Wheat, Corn, and Soybeans.

Metals

Table showing U.S. Futures for Metals like Aluminum, Copper, and Nickel.

Livestock

Table showing U.S. Futures for Livestock like Cattle and Hogs.

Food

Table showing U.S. Futures for Food commodities like Coffee, Sugar, and Cocoa.

Financial

Table showing U.S. Futures for Financial instruments like Treasury Bonds and Treasury Bills.

Northwest Air and Airbus in Accord

MINNEAPOLIS (AP) — Northwest Airlines has cleared up a dispute with Airbus Industrie and got another hurdle on the road toward rescheduling \$1.5 billion in debt payments.

W.R. Grace Confirms 'Import Alert'

NEW YORK (Knight-Ridder) — W.R. Grace & Co. confirmed Thursday that the Food and Drug Administration during the second quarter issued "import alerts" for hemodialysis bloodlines manufactured at its National Medical Care plant in Reynolds, Mexico, and hemodialyzers made in its Dublin facility.

Automakers in Supercomputer Pact

TRAVERSE CITY, Michigan (Bloomberg) — General Motors Corp., Ford Motor Co. and Chrysler Corp. have signed research agreements to jointly develop supercomputers and high-weight metals under the auspices of the U.S. Council for Automotive Research.

Arthur Andersen Settles Thrift Cases

WASHINGTON (Bloomberg) — The accounting firm Arthur Andersen & Co. has reached separate settlements with two government agencies over its audits of failed savings-and-loan associations.

Brown Assails Export-Control Pacts

WASHINGTON (Knight-Ridder) — Export controls dating from the Cold War have become "a major impediment to doing business" and should be relaxed as much as possible, Commerce Secretary Ronald H. Brown said Thursday.

Court Accepts Wang Reorganization

LOWELL, Massachusetts (AP) — Wang Laboratories Inc. said Thursday that U.S. Bankruptcy Court Judge William Hillman had approved Wang's reorganization plan and had scheduled a confirmation hearing for Sept. 20. The company said this meant that it could emerge from Chapter 11 bankruptcy protection as early as this autumn.

For the Record

Sears, Roebuck & Co. Merchandise Group said it had agreed to sell its Eye Care Centers of America Inc. unit to Eye Care Holdings Inc. (UPI) Coca-Cola Co. began selling products in Jordan, as the Middle Eastern kingdom joined a growing list of Arab League nations to lift a 25-year boycott against the beverage company. (Bloomberg)

U.S. FUTURES

Large table of U.S. Futures data including sections for Grains, Metals, Livestock, Food, Financial, and Stock Indexes.

# Spain Aims To Slash Deficit

Compiled by Our Staff From Dispatches

MADRID — The Spanish government unveiled a package of economic-austerity measures on Thursday in a bid to slash the budget deficit without plunging the economy further into recession.

Public-sector wage rises will be kept below the inflation rate and new legislation will be enacted to keep spending within budgeted levels, Economy Minister Pedro Solbes told Parliament.

The government will also make a special bid to clamp down on tax fraud and attack structural problems, especially high prices for services and labor-market rigidities.

The 1994 budget, to be submitted to parliament next month, will aim for a deficit of 4.5 percent of gross domestic product, which Mr. Solbes said was compatible with a goal of reaching the 3 percent limit set out in the European Community's Maastricht treaty by 1996.

The deficit has been estimated at up to 6.5 percent this year.

Mr. Solbes said current spending would be frozen next year and social spending would rise by 6 percent, maintaining its relative share of GDP.

Soaring payments for unemployment benefits have been a prime cause of the rising deficit. Spanish unemployment, which is above 22 percent, is the highest in the Community.

Public investment is scheduled to increase by 2 percent next year.

# Sabena Outlook Darkens Pay Accord Is Urgent, EC Official Says

Reuters

BRUSSELS — The chairman of a European Community committee on the air-transport industry said Thursday that Sabena might have "great difficulties" surviving if the Belgian airline did not agree quickly on a plan to cut wages and jobs.

Herman de Croo, chairman of a committee of aviation specialists appointed by the EC Commission, said Sabena had no hope of a government bailout, with flag carriers of Greece, Ireland, France, Spain and others also in financial trouble and possibly ready to seek EC help.

At a news conference, Mr. de Croo, a former Belgian transport minister, was scathing in his criticism of "so-called businessmen" on the Sabena board who he said had led the airline into its current troubles by excessive hiring.

"I think the personnel and the management of Sabena have to come very, very quickly to a positive agreement," Mr. de Croo said. "If there is no strong joint solidarity between all of the people

from Sabena, I am scared that there could be great difficulties."

After Sabena personnel on Wednesday voted down a rescue plan that called for pay cuts of as much as 15 percent, the airline's president, Pierre Godfried, tendered his resignation at a board meeting, then agreed to the board's request to suspend his decision for two weeks.

Mr. de Croo said Sabena had recruited more than 3,000 employees in the late 1980s and early 1990s, outpacing efforts in which he was involved as transport minister to cut employment by 1,250. Now, he said of the new employees, "almost all will have to be cut."

The committee headed by Mr. de Croo is to report this year on ways to help the industry weather its current financial difficulties and meet subsequent challenges. He has said he expects the committee to recommend more mergers in the European airline industry.

# Shell's Earnings Disappoint Market But BP Posts Gains

Compiled by Our Staff From Dispatches

LONDON — Royal Dutch/Shell disappointed the market Thursday with reduced net income but British Petroleum Co. pleased investors by turning a profit.

As they unveiled their second-quarter earnings, both of the oil giants said conditions in the petrochemicals business were depressed and likely to remain so. Both also predicted a modest recovery in oil prices during the second half of the year as demand gradually improved.

"Although a modest recovery of prices might be expected as demand increases in the second half of the year, the market is likely to remain volatile," said Shell.

Shell's shares dipped when it revealed a second-quarter net income of \$575 million (\$864 million), down 6 percent on the same period of 1992 due to currency losses and heavy restructuring charges in its chemicals division.

But BP stock rose on news the company had posted a second-quarter profit, on a historic-cost basis, of \$182 million, turning around a \$650 million loss in the same period of 1992.

After the figures are adjusted for stock losses and gains, Shell showed a second-quarter profit of \$619 million, up from \$516 million a year earlier, while BP's equivalent figure was a \$261 million profit, up from an \$812 million loss a year earlier.

Only BP declared a dividend on Thursday, maintaining a flat 2.1 pence per share quarterly payout. Royal Dutch/Shell will set its interim dividend on Sept. 9.

"Of the two, BP lived up to expectations and Shell didn't," said Alan Marshall, oil-industry analyst at Swiss Bank Corp.

BP shares closed at \$3.05, up 2 pence, while Shell closed at \$6.33, off 10 pence.

"Over the past year we have shown consistent improvement in the right direction with our trading results," the chief executive of BP group, David Simon, said at a news conference. BP's figures were mainly the result of continuing cost improvements, and the company is over "the worst of times as we see it," Mr. Simon said.

Royal Dutch/Shell, which groups Royal Dutch Petroleum Co. and Shell Transport & Trading Co. on a 60-40 basis, said currency movements and restructuring charges spoiled what had otherwise been a good result.

"If you take the restructuring charges out and the corporate exchanges losses it was a very strong quarter," a Shell spokesman said.

Analysts were impressed by BP's achievement in overcoming the impact of weaker demand for oil, gas and chemicals by cost savings and better marketing. (Reuters, AFX)

## Investor's Europe

Market	Index	Change
Frankfurt DAX	2,238.22	+0.26
London FTSE 100 Index	2,222.00	+0.24
Paris CAC 40	2,317.9	+0.09
Amsterdam AEX	1,222.00	+0.01
Bombay S&P 100	1,860.55	+0.01
Hong Kong Hang Seng	7,250.00	-0.67
Manila PSE	2,317.9	+0.09
Stocks	2,317.9	+0.09
Bonds	2,317.9	+0.09
Commodities	2,317.9	+0.09
Exchange Rates	2,317.9	+0.09
Interest Rates	2,317.9	+0.09

### Very briefly:

- EC unemployment rose to 10.6 percent in June from 10.5 percent in May, continuing an 18-month increase. It was 9.4 percent in June 1992.
- Credit Agricole named Lucien Douroux managing director, succeeding Philippe Jaffré, who will become chairman of Elf Aquitaine.
- Adam Opel AG raised its share of the European car market to 12.3 percent in the first half, from 11.9 percent a year earlier. Its parent, General Motors Corp., operating under the Vauxhall name in Britain, raised its share in Western Europe to 12.9 percent from 12.4 percent.
- Western German consumer prices rose 0.2 percent in July from June and 4.3 percent from July 1992, the Federal Statistics Office said. In June, the 12-month inflation figure was 4.2 percent.
- Schering AG said first-half profit rose 3 percent from a year earlier to 185 million Deutsche marks (\$108.3 million), but sales fell 2 percent to 2.82 billion DM. The pharmaceutical concern forecast full-year profit similar to the 262 million DM it made last year.
- British Telecommunications PLC and MCI Communications Corp. named Chris Earnshaw chief executive of their joint-venture company, formed to offer telecommunications services to large corporations. (AFX, Reuters, AFP, Bloomberg)

## Virgin Protests Sunday Ban

Bloomberg Business News

PARIS — Virgin Group PLC threatened Thursday to freeze its ambitious French expansion plans if the government refused to lift a ban on Sunday opening for its flagship store on the Champs-Élysées.

The Virgin Megastore has been allowed to open on Sundays for the past year on a trial basis. But Paris authorities reimposed the ban last month, saying the store was not selling primarily to tourists on Sundays.

It said it would freeze plans to open 26 French stores in addition to its four current outlets. Virgin, which has up to a fifth of its sales on Sundays, ignored the ruling and was sued by two unions, the communist-led General Labor Confederation, known by its French acronym CGT, and the Democratic Labor Federation, or CFTD. Additionally, the fine had been 250,000 francs (\$42,348) for each of the last two Sundays, but a French court this week ordered it raised to 4 million francs for future violations.

## BLESSING: What's Bad for ERM Is Good For U.S.

Continued from Page 11

Tariffs and Trade. "It makes life more complicated politically," said John Lipsky, chief economist of Salomon Brothers Inc. in New York.

The currency crisis dented the credibility, and perhaps effectiveness, of some European Community governments. For the United States, such weakness poses a problem. As one official put it, "It's harder to get effective international cooperation — which often requires squishing domestic political opposition — when you have weak partners to deal with."

Mr. Mullins said the weakness in the ERM could make it difficult to avoid a return to 1970s-style inflation in the future. "They do have a challenge ahead," he said of the Europeans. "They're free to cut rates, but they also have to worry about inflation credibility."

Some U.S. officials said they saw the currency crisis as a spat between married partners, not a basic threat to European unity. Optimists said the turmoil could actually make it easier for the United States to persuade Europeans to sign a trade treaty.

"This is good news on the Uruguay Round," said C. Fred Bergstein, director of the Institute for International Economics and a former trade negotiator. "It'll provide some pickup in growth and blunt protectionist sentiment." In the past, he said, when Europeans' efforts at cooperation have run aground on one front, they tended to intensify their efforts to work together on another.

There is little disagreement that the economic effect, even if modest, is likely to be positive. If France, and especially Germany, reduce interest rates, European

## MONEY: Benelux Countries Move Toward Germany

Continued from Page 1

would presumably weaken against the dollar. The slightly stronger dollar could help keep U.S. interest rates low by reducing expectations of inflation.

"European rate cuts will push up the dollar," said Rüdiger Dornbusch, an economist at Massachusetts Institute of Technology who is an advocate of loosening exchange rates.

Mr. Mullins was more conservative, saying, "It's not likely to have a material monetary-policy impact. At the margin, though, you'd grant that a somewhat stronger dollar would be disinflationary."

Indeed, 30-year bonds on Thursday afternoon were yielding 6.525 percent, just above the record closing low of 6.52 percent reached Tuesday. U.S. vacationers could get a bit of a break, too, from last week's European monetary ferment.

the strong-franc policy known as *franc fort*.

Economists and even a member of the EC Commission predicted that because the crisis has revealed the ERM to be incapable of dealing with the \$1 trillion a day washing across money markets, there could still be a fairly quick move by some countries to join the Dutch and Germans in a form of currency union.

Sir Leon Brittan, the EC trade commissioner, said if the current version of the ERM does not work "it is in my view at least as likely that countries of the EC for the most part will move towards accelerated monetary union than that they give the whole idea up."

Graham Bishop of Salomon Brothers Inc. in London agreed, adding, "My feeling is that it will be sooner rather than later."

The EC Commission is to meet Friday to discuss ways to keep economic and monetary cooperation alive following the virtual suspension of the exchange-rate mechanism, the Associated Press reported. In a special meeting, the commission also plans to study how to get 12 EC members back on the path to the single currency and central bank, cornerstones of the Maastricht treaty on economic and monetary union.

## LVMH to Buy Publisher

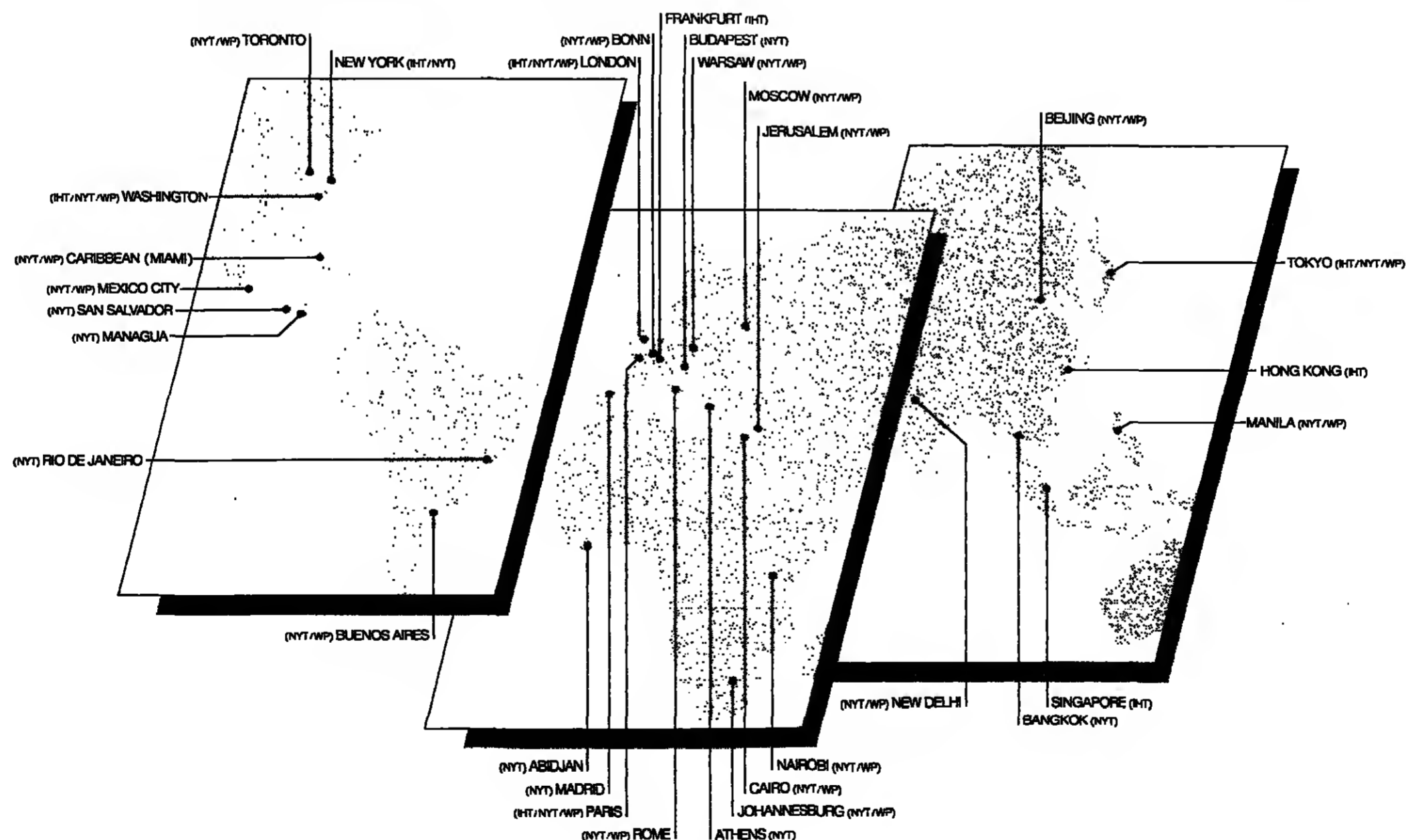
Reuters

PARIS — LVMH Moët Hennessey Louis Vuitton SA, the luxury-goods conglomerate, plans to take control of the French press concern Desfosses International, which owns among other titles the business

dailies La Tribune Desfosses and l'Agefi, Desfosses said Thursday.

The newspaper publisher said LVMH would inject 110 million francs (\$19 million) in cash after an extraordinary general meeting.

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## Herald Tribune

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صكزا من الأصل

NYSE Thursday's 11 a.m.

Table of NYSE stock prices including columns for High, Low, Last, and Change. Includes sub-sections for NYSE and (Continued).

ADRs: Some Investors Hope to See Costs Reduced as the Market Expands

Continued from Page 11 Ms. Lewis mentioned, but that depositary banks must cover high fixed costs. Costs will become a more important issue as American investors put their money overseas at an increasing rate. Although only 22.5 percent of trading in ADRs last year was by individual investors, the public is entering foreign markets in droves through mutual funds.

Table of ADR prices with columns for High, Low, Last, and Change. Includes sub-sections for NYSE and (Continued).

INTERNATIONAL FUNDS

Quotations supplied by funds. Most values are estimates based on prices. The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (bi) - bi-monthly; (tr) - monthly; (q) - quarterly; (a) - annual.

Large table of International Funds with columns for Fund Name, Share Price, and Change. Includes various fund categories like Global, International, and Sector Funds.

Table of International Funds (continued) with columns for Fund Name, Share Price, and Change. Includes various fund categories like Global, International, and Sector Funds.



# Japan Seeks Curbs on U.S. Airlines

By Richard M. Weintraub  
Washington Post Service

**WASHINGTON** — Japan opened a crucial round of talks on the future of aviation links with the United States by seeking limits on current rights of U.S. air carriers, according to sources familiar with the talks.

Although air travel was not part of the U.S.-Japanese "framework" agreement reached last month during the Group of Seven summit meeting in Tokyo, U.S. officials said Japan's posture in the talks this week conflicted with principles of open trade set in talks between President Bill Clinton and Kim Dae-jung, whose government resigned Thursday.

Despite Japan's widely publicized opposition to setting targets or goals for trade, one U.S. official said that in the air-traffic talks that began Tuesday at the State Department, Tokyo was calling for limits on the number of flights or passengers to be allocated to American carriers at the airport that is scheduled to open at Osaka next year.

Japanese officials also said they wanted to review the overall air agreement between the two nations.

Japanese airlines' share of the traffic between the two countries has plummeted to 30 percent, with newly aggressive U.S. carriers — especially Northwest Airlines and United

Airlines — grabbing 70 percent. As a result, the Japanese carriers have been pressing their government to seek limits on competition and to curtail American carriers' rights in pick-up and drop-off flights between the United States and another Asian destination.

European countries also are trying to limit competition from American carriers, but the Asian battleground is particularly important because it is a rapidly growing area and one that is generally profitable for the airlines.

A U.S. official said, "We would be disappointed if the strongly stated principles stated in general are not applied to a sector in which U.S. companies are unequivocally ahead."

# Taiwan's Surplus Surges, Bolstered By Sales to China

Compiled by Our Staff From Dispatches

**TAIPEI** — Taiwan's trade surplus to July tripled from a year earlier to \$722 million, the Finance Ministry said Thursday.

The surge was fueled by strong sales to China and helped by a slight fall in the Taiwan dollar. Exports rose 5.4 percent from a year earlier to \$7.26 billion, while imports fell 1.7 percent to \$6.54 billion, the ministry said.

The July figures went against the trend of the first half of the year, as Taiwan's trade surplus for the first seven months declined 26.3 percent from a year earlier, to \$4.05 billion. The U.S. dollar was quoted at 26.9475 Taiwan dollars Thursday, compared with 25.4050 dollars at the start of 1993.

"Our exports will continue rising later this year, as our products have become more competitive in the world market," an official at the Board of Foreign Trade said.

Taiwan's trade surplus with Hong Kong, the primary conduit for its booming indirect trade with China, surged 29.7 percent to \$9.52 billion in the first seven months of the year. Taipei does not allow direct trade with China.

Exchange	Index	Thursday Close	Previous Close	% Change
Hong Kong	Hang Seng	7,907.84	7,164.20	+10.4
Singapore	Straits Times	1,861.83	1,859.08	+0.15
Sydney	All Ordinaries	1,885.30	1,881.20	+0.22
Tokyo	Nikkei 225	20,425.64	20,497.60	-0.35
Kuala Lumpur	Composite	785.49	781.99	+0.45
Bangkok	SET	948.38	945.38	+0.30
Beirut	Composite Stock	732.06	720.02	+1.67
Taipei	Weighted Price	4,055.22	4,048.21	+0.17
Manila	Composite	1,780.94	1,769.50	+0.65
Jakarta	Stock Index	380.00	368.69	+3.07
New Zealand	NZSE-40	1,893.86	1,897.92	-0.21
Bombay	National Index	1,101.42	1,102.40	-0.12

Sources: Reuters, AFP

## Very briefly:

- The Japan Automobile Importers Association said sales of imported cars and trucks to Japan rose 11.2 percent in July from a year earlier, to 20,364 vehicles, but the increase was largely in Japanese models made overseas.
- Hyundai Construction Equipment Industrial Co. reached a tentative settlement with its workers, leaving three Hyundai group companies with labor disputes; the employees are in vote Saturday on a deal that includes a 4.7 percent pay increase, after earlier demanding a 15 percent raise.
- Vietnam said 12 members of the U.S. House Ways and Means Committee would visit the country Aug. 12 to Aug. 15 to study investment and trade prospects; on Sept. 14, President Bill Clinton must decide between extending and ending America's trade embargo with Vietnam.
- China established two courts for disputes related to copyrights and other intellectual-property rights; the Beijing Intermediate People's Court Intellectual Property Rights Tribunal will hear most disputes, with appeals going to a tribunal attached to the Beijing High People's Court.

# China Warns Again on Taxes

Bloomberg Business News

**BEIJING** — China's cabinet issued a circular declaring all unauthorized tax breaks for foreign investors null and void, Chinese Central Television said Thursday.

The State Council circular, repeating a warning made earlier this week in the official newspaper China Daily, said preferential tax rates granted by local governments overstepping their power would be rescinded. Only centrally approved development zones should offer

such rates, the cabinet said, according to the official station.

Last year, local governments raced with each other to attract foreign investment following calls by the senior leader, Deng Xiaoping, to make the economy more accessible. Now government policy is focused on tighter control of financial flows, including a perceived hard-currency drain.

In the first half of this year, China approved foreign investment commitments of \$58.8 billion, up 300 percent from a year ago.

# AMEX

Tables include the following prices up to the closing on Wall Street and do not reflect late trades elsewhere. See The Associated Press.

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# Qantas Must Boost Profit For Share Sale, Chief Says

Compiled by Our Staff From Dispatches

**SYDNEY** — Qantas Airways needs a significant rise in profit to ensure the success of its planned 2 billion Australian dollar (\$1.37 billion) share offering, its chairman, Gary Pemberton, said Thursday.

Mr. Pemberton also said James Strong, a Qantas board member and the former head of Australian Airlines, which was merged with Qantas last year, would become managing director of Qantas. Mr. Strong, 49, is to succeed John Ward, effective in late October.

British Airways bought 25 percent of Qantas for 665 million dollars early this year. The rest of the company is to be floated on the Australian stock exchange, although the Australian government decided last month to delay the sale until 1994-95 because of the slump

in the aviation industry and the need for Qantas to digest its merger with Australian Airlines.

Mr. Pemberton said Mr. Strong's most pressing task would be to complete that merger and oversee a "quantum leap" to profit to ensure the success of the share sale.

Mr. Strong added that Qantas would be "setting profit targets and working toward them" over the next two years. He did not mention any specific figures.

Qantas had a profit of 137 million dollars in the year ended June 30, 1992, helped by earnings from aircraft sales. But a spokesman said its results for the 1993 financial year would fall well short of that figure because of the depressed state of the airline industry.

(AFX, AFP, Bloomberg)

# INERTIA: Gridlock in Japan

Continued from Page 1

said Jesper Koll, an economist at S.G. Warburg Securities. "Some form of intervention is probably going to be needed, but speedy implementation is unlikely."

One of the most important measures, a cut in income taxes, is among the most contentious. The new government has signaled its support for lower taxes, which many economists say are essential to stimulate private consumption and revitalize the economy. But Morihiro Hosokawa, the leader of the seven-party coalition, has said he favors lower income taxes only if consumption taxes are raised.

This puts his views in line with those of the Ministry of Finance, which believes that the tax base needs to be broadened to prevent a mushrooming of government debt as Japan's population rapidly ages. But it also puts Mr. Hosokawa at odds with members of the Social Democratic Party, who have been opposed to any tax increases and who make up the single largest group within the coalition.

One hopeful area from the perspective of big business is deregulation. Mr. Hosokawa has built a reputation on opposing the authority of bureaucrats centered in Tokyo. And not being affiliated with any "tribe" — or group of parliamentarians associated with a particular industry and its key bureaucrats — he appears better placed than previous prime ministers to challenge Tokyo's mandarins, even though members of his coalition may put up resistance.

"If Mr. Hosokawa doesn't get on with deregulation, it will mean he's a sissy," Mr. Nakazawa said.

According to local press reports, the next cabinet will be led by a grouping of long-time Democratic leaders and Liberal Democrats. In a development that is almost unimaginable in Japan, the leader of the Social Democratic Party, Sadao Yamahana, will be named minister of international trade and industry.

Tsutomu Hata of the Japan Renewal Party will be made deputy prime minister and finance minister, a post he held last year. Several members of the Clean Government Party will be given the top posts in four ministries including construction, labor and environment. Social members may also get posts in the Economic Planning Agency, the Management and Coordination Agency and the National Land Agency.

While cabinet members in Japan tend to be weak, with little individual influence, the next cabinet should, at least, prove more colorful. "It's going to be most colorful," said Cornelia Meyer, an adviser in the Liberal Democratic Party. The cabinet is a potential war zone.

## FIDELITY DISCOVERY FUND

Société d'Investissement à Capital Variable  
Kansallis House  
Place de l'Etoile  
L-1021 Luxembourg

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of the Shareholders of FIDELITY DISCOVERY FUND, a société d'investissement à capital variable organised under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the registered office of the Fund, Kansallis House, Place de l'Etoile, Luxembourg, at 11:00 a.m. on August 26, 1993, specifically, but without limitation, for the following purposes:

1. Presentation of the Report of the Board of Directors.
2. Presentation of the Report of the Auditor.
3. Approval of the balance sheet and income statement for the fiscal year ended April 30, 1993.
4. Discharge of the Board of Directors and the Auditor.
5. Election of six (6) Directors, specifically the re-election of Messrs. Edward C. Johnson 3d, Barry R. J. Bateman, Charles T. M. Collis, Charles A. Fraser, Jean Hamilius and H. F. van den Hoven, being all of the present Directors.
6. Election of the Auditor, specifically the election of Coopers & Lybrand, Luxembourg.
7. Declaration of cash dividends on the Fund's Class A and Class B shares in respect of the fiscal year ended April 30, 1993, and authorisation of the Board of Directors to declare further dividends in respect of fiscal year 1993 if necessary to enable the Fund to qualify for "distributor" status under United Kingdom tax law.
8. Proposal, recommended by the Board of Directors, to amend the fourth paragraph of Article 15 of the Fund's Articles of Incorporation to delete the specific limitations in the nature of investment safeguards set forth therein and to substitute more general language, in order that all of the Fund's investment safeguards may be determined by the Board of Directors in its discretion, subject to the requirements of Luxembourg law and regulation. Copies of this proposal, subject to the requirements of Luxembourg law and regulation, may be obtained from the Fund at its registered office in Luxembourg and are being mailed to all registered shareholders with this Notice of Meeting.
9. Proposal, recommended by the Board of Directors, to amend the Fund's Investment Management Agreement with Fidelity International Limited ("FIL") by adding a new Section 16 to specify the basis on which FIL, as Investment Manager, may delegate, with the Board's consent, FIL's responsibilities in respect of portfolio management for the Fund, and to amend Section 10 of the Agreement to state the responsibility of FIL for such delegate's actions pursuant to such delegation. Copies of Sections 10 and 16 as proposed to be amended may be obtained from the Fund at its registered office in Luxembourg and are being mailed to all registered shareholders with this Notice of Meeting.
10. Consideration of such other business as may properly come before the meeting.

Approval of items 1 through 7 of the agenda will require the affirmative vote of a majority of the shares present or represented at the Meeting with no minimum number of shares present or represented in order for a quorum to be present. With respect to item 7, in order to approve the dividends, each class will vote separately its approval of the dividend to be paid on shares of that class; the affirmative vote of a majority of the shares of that class present or represented at the meeting will be required in addition to the affirmative vote of a majority of the combined classes present or represented at the meeting.

Approval of item 8 of the Agenda will require the affirmative vote of two-thirds (2/3) of the shares, acting as a single class, present or represented at the Meeting at which a majority of the outstanding shares of all classes, treated as a single class, must be present or represented; if a quorum is not present, then at the adjournment session of the Meeting, acting as a single class, 8 shall require the affirmative vote of two-thirds (2/3) of the shares, acting as a single class, present or represented at the Meeting with no minimum number of shares present or represented for a quorum. Approval of item 9 of the Agenda, including at any adjournment session of the Meeting, will require affirmative vote of a majority of the shares, acting as a single class, present or represented at the Meeting at which a majority of the outstanding shares of all classes, treated as a single class, are present or represented.

Subject to the limitations imposed by the Articles of Incorporation of the Fund with regard to ownership of either or both Class A and Class B shares which constitute in the aggregate more than three percent (3%) of the outstanding shares of both classes, each share is entitled to one vote. A shareholder may act at any meeting by proxy.

Dated: July 22, 1993

BY ORDER OF THE BOARD OF DIRECTORS

Fidelity Investments

# SPORTS SWIMMING

## German Women Seize More Gold In Europe Meet

**Sheffield, England** — Olympic champion Dagmar Hase led a German one-two in the women's 400 meters freestyle at the European swimming championships on Thursday.

Hase and Kerstin Kielgass seized control in the second half of the race after Olga Kirichenko, a 17-year-old Russian, had set a blistering pace for the first 200.

Hase pulled in front on the fifth length of the 50-meter pool and stretched away to win in 4 minutes, 10.47 seconds and grab Germany's eighth gold medal of the championships.

Kielgass, bronze medalist in the Olympic 200 meters freestyle, claimed the silver in 4:12.18, and defending champion Irene Dalby of Norway the bronze in 4:12.51.

Franziska van Almsick won her fourth gold medal of the championships when she powered Germany to victory in the women's 4x100 meters freestyle relay.

Van Almsick threatened the individual world 100 freestyle record with a superb first leg of 54.62 seconds and stayed on track for seven golds in the championships.

The German quartet of Van Almsick, Manuela Stellmach, Kerstin Kielgass and Daniela Hunger won a championship record 3:41.69, nearly four seconds ahead of Sweden, which edged out Russia for the silver by 0.04 of a second.

Double Olympic champion Alexander Popov retained his European 100 meters freestyle crown, swimming through on the second length to win by a comfortable margin.

Second behind Christian Tröger of Germany at the turn, Popov surged past with unhurried ease to win in 49.15 seconds, outside the European record 48.93 set in May.

Tommy Werner of Sweden, silver medalist in the 1991 world championships, showed his competitive strength once again and took the silver in 49.71. Pavel Khnykin of Ukraine was third in 49.76.

Kristina Egerszegi of Hungary, who won the 400 meters individual medley on Tuesday, retained a second European title in her collection in an exciting 100 meters backstroke contest.

Egerszegi, who turns 19 this month, had snatched the lead from fast-starting Sandra Valker by the end of the first length, but faced a big challenge down the return length by the German and Nina Zivanevskaya, a 16-year-old Russian.

World and Olympic champion Egerszegi prevailed in 1:00.83, outside the 1:00.31 world mark she set at the 1991 European championships in Athens.

Zivanevskaya took the silver in 1:01.16, and Yötker the bronze in 1:01.89.

Vladimir Selkov averaged Olympic and world championship losses at the hands of Martin Lopez-Zubero with a bold win in the men's 200 meters backstroke.

The Russian ended Lopez-Zubero's European reign by snatching from the start and establishing a lead that left the Spaniard hopelessly behind.

Selkov was more than a second inside world record pace at 100 meters, and although Lopez-Zubero fought back with his customary powerful finish, the Russian had done enough to win.

Silver medalist behind Lopez-Zubero at the Olympics and bronze medalist at the 1991 world championships, Selkov won in a championship record 1:58.09, with Lopez-Zubero second in 1:58.51 and Emanuele Merisi of Italy third in 1:59.57.



Olympic champion Dagmar Hase of Germany pulled ahead on the fifth length and stayed there to win the 400 meters freestyle.

## In Vail Exile, Seles Cloaks Her Future

**By Jhonette Howard**  
*Washington Post Service*

VAIL, Colorado — It's been 13 weeks since the tennis diva Monica Seles first arrived here amid heavy security, swaddled in a blanket as she stepped off a private jet from Europe, nursing a stab wound she had suffered two days earlier in a court-side attack in Hamburg.

Except for a brief news conference soon afterward, then a statement released by her management firm on July 8, Seles has not been heard from since.

But the townspeople of Vail have seen her.

This village balloons to a population of 25,000 during ski season. It is admittedly jaded from a steady stream of such famous visitors as Dan Quayle, Gerald Ford and Ross Perot.

During the summer, however, the town returns into a tight-knit community of about 2,500, small enough for folks to notice the slowly recuperating tennis star when she surfaces around town, and small enough for mail from around the world to find her even when the townships are abandoned.

A freshly graduated college student here speaks of a friend who was in rehab classes with Seles at the Steadman-Hawkins Clinic where she is undergoing treatment. A bellhop at the resort hotel where Seles was staying until a few weeks ago says he can't speak for her frame of mind, but he did know her brother Zlatan spent most nights sleeping on a sofa bed in her suite and usually accompanied her whenever she left the hotel grounds.

A clerk at the Ralph Lauren store in town tells of helping Seles try on a sweater and noticing how difficult it was for the tennis star to lift her left arm, an effect of the stab wound on her back.

A woman at the town's tourist information desk speaks of taking her son into a local store and hearing, "Look, there's Monica Seles!" The outburst caused Seles to bolt from the bench she was on, camp a hand over one side of her face and hurry out the door.

"She made it very clear she wanted to be left alone," said the woman, echoing what everyone else who has encountered Seles here says.

Since she was attacked April 30 by a German machinist, Günther Parche, the list of interview requests for Seles has passed 150, and includes Barbara Walters and Diane Sawyer.

Tabloid reporters from as far away as England and Europe have visited this skiing town or dangled monetary offers at Seles for an exclusive. At least one man was seen rifling through her garbage and another — a photographer for an American supermarket tabloid — told her publicist that there is a \$30,000 bounty offer for the first photograph of Seles hitting a tennis ball and gaining.

But nobody, save intimates, knows precisely how the 19-year-old is recuperating emotionally or physically. Seles wants it this way as she did during the other two prolonged absences in her career.

None of her handlers will say if Seles will play when the U.S. Open begins Aug. 30, although speculation that she is definitely out appears correct.

No one is saying how much emotional fallout Seles still suffers because of Parche, an obsessed fan of German star Steffi Graf who said he wanted to disfigure Seles but not kill her, so Graf could recognize the No. 1 ranking. After the French Open, which Seles had won the previous three years, Parche's insane wish came true.

Nor will anyone say what is taking Seles so long to heal.

The physicians who treated her in Hamburg estimated she would miss one to three months. But physicians in Vail almost immediately distanced themselves from the guess, and the three-month anniversary of the attack passed at the end of July without comment.

## At the Buick, Eyes on Norman

**The Associated Press**

GRAND BLANC, Michigan — There's a sign in the locker room at Warwick Hills Country Club. It tells players there will be two buses leaving Sunday for Toledo, Ohio, the site of the PGA Championship next week.

You can be sure Greg Norman won't have to make the two-hour trip down Interstate 75 on a bus. Yet, there is no doubt that his mind will be on Inverness while he is playing the Buick Open this week.

Norman is part of what looks to be the strongest field in the 29-year history of this event.

But they aren't flocking to Michigan simply to win a Buick. Most are using this tournament as a final tune-up for the PGA. And that's why many eyes will be on Norman.

It was seven years ago at Inverness Country Club that Bob Tway holed out from a bunker on the 72nd hole to snatch the PGA title from Norman. It was a once-in-a-lifetime shot for Tway, who has only two victories since that miracle.

Norman, of course, held the lead going into the final round of all four majors that year. The last-second comeback has become as much a part of his trademark as the shark on his shirt.

"I know I'm going to go through a lot next week," Norman said before playing in a pro-am Wednesday. "Everyone is going to bring up seven years ago."

Norman had two wins in 1986, another in 1988, two in 1990 when he was No. 1 on the money list, and one in 1992. So far this year, he is third on the money list, with victories at Doral and the British Open — his first major title.

"You have to learn how to win," said Davis Love III, who is playing in his seventh Buick Open. "You definitely have to win a major to get your career to the next level."

Love won the Tournament of Champions, the first tournament of the year, but hasn't won since.

Twelve of the top 16 money-winners are in the Buick Open. The only one missing are leader Nick Price, Paul Azinger, U.S. Open champion Lee Janzen and Masters champion Bernhard Langer.

Also entered are 13 of the top 16 on the Ryder Cup points list. Tom Watson is captain of the Ryder Cup team, and he is playing here this week.

"One of my jobs as captain is to get to know the players better," Watson said. "When we get into the competition, I want to be able to help them in any way I can."

Watson said help comes in many forms.

"I remember Jack Nicklaus had to fill up the car with all the 'aids' — Band-Aids and Roloids," he said. "If players need a boost or a kick in the behind, I'm there to give it to them."

This is the first Buick Open for Watson. But he said that had more to do with family than with peaking PGA titles.

"Probably the main reason I never showed up here before was that my dad always drove Oldsmobiles," Watson said.

Greg Norman joins one of the strongest fields ever for the Buick Open, the final tune-up for the PGA Championship next week.

## Duffers, Read It And Weep

**Compiled by Our Staff From Dispatches**

The odds on making a hole-in-one are 20,000-to-1 for the average golfer. But David Warren, a plumber in Matthews, North Carolina, does not pay them much heed.

Since taking up the game again last September after a 10-year hiatus, Warren has five aces.

"Right before the third one, I told these guys I was playing with that I hadn't had a hole-in-one in three weeks," he said. "They looked at me like I was crazy. Then I knocked it up there, and it went in the hole."

"To me, it's like fishing. If you fish, you'll catch the fish. If you play golf, you'll get holes-in-one. It seems easy. That's my attitude."

With it you're a duffer who runs into a string of back like Warren's, you might want to refigure your handicap in a flash.

Not so fast. A Tennessee company that is hoping to bring instant handicap calculation to public courses contends that the United States Golf Association is taking an unfair swing at its product.

International Golfers Club Inc. filed a lawsuit last month in U.S. District Court, charging that the USGA was trying to monopolize the market on handicapping.

The USGA had earlier filed suit against the company.

The International Golfers Club system would employ microchip technology on a "smart card." After completing a round, golfers would put the card in a reader and enter their score, and a computer would calculate their new handicap instantly. (LAT, AP)

## Italy Hangs On to Lead After Boat Is Crippled

**The Associated Press**

COWES, England — Italy held on to a narrow lead in the Admiral's Cup yachting competition Thursday, despite losing its top boat in a collision.

Italy's 50-foot Mandrake collided with Promotion of the Netherlands at the first mark turn off Hayling Bay.

Italian skipper Francisco de Angelis accepted the blame after his boat crashed into the port side of Bert Dolk's yacht. Both craft were doubtful for the 605-mile Fastnet Race, which starts Saturday.

Mandrake ripped a 6-foot (2-meter) hole through the side and up into the deck of the Dutch yacht after failing to give way on the first turn of the 12-mile race.

The Dutch, sinking fast, managed to limp to safety on the beach at Hayling Island.

Mandrake lost a 4-foot-long section from her stern. The crew managed a temporary repair, using a sail hastily pulled around the front to stop water pouring in, and sailed back to Cowes.

No one was injured in the collision.

Australia took advantage of the confusion to temporarily take the overall lead, with Syd Fischer's 50-foot Ragamuffin winning the first of two 12-mile races. But in the second short race, Italy regained the lead as the one-ton Brava Q8 finished first in her class and the two-ton Larouge was second.

## 'Extensive' Scar Tissue Listed in Lewis Autopsy

**By Lawrence K. Altman**  
*New York Times Service*

BOSTON — An autopsy has shown that the heart of Reggie Lewis, the Boston Celtics captain who died last week while shooting baskets, "was abnormal, enlarged, and was extensively scarred," the state's chief medical examiner announced Thursday.

However, the statement from Dr. Richard Evans said neither the cause of the scarring nor the cause of death had been determined.

Scared heart tissue can lead to potentially fatal heart rhythms and sudden death.

Many problems can lead to scarring of the heart.

Among them are infections — often producing few symptoms — attacks, previous heart attacks, immunological reactions, injuries and drugs, both prescribed and illicit.

The medical examiner's preliminary findings of extensive scarring appear to contradict the public statements by Dr. Gilbert H. Mudge, his personal physician, who said Lewis had "an normal athlete's heart with normal function."

A consultant in the case said the medical examiner's statement was vague and he was not certain what the description of extensive scarring meant.

The medical examiner's statement said that "preliminary drug screens showed no evidence of drugs of abuse" in the blood and other tissues tested in the autopsy.

It is possible, however, for a heart to become scarred from previous use of drugs.

The medical examiner found the coronary arteries to be normal. If the arteries had been narrowed from deposits of fatty substances in a condition known as atherosclerosis, it could have led to heart attacks and scarring.

### DENNIS THE MENACE



### PEANUTS



### CALVIN AND HOBBES



### JUMBLE

Unscramble these four Anagrams. Write the letters in the correct order in the boxes below.

HUTEC

LOXET

NECCIS

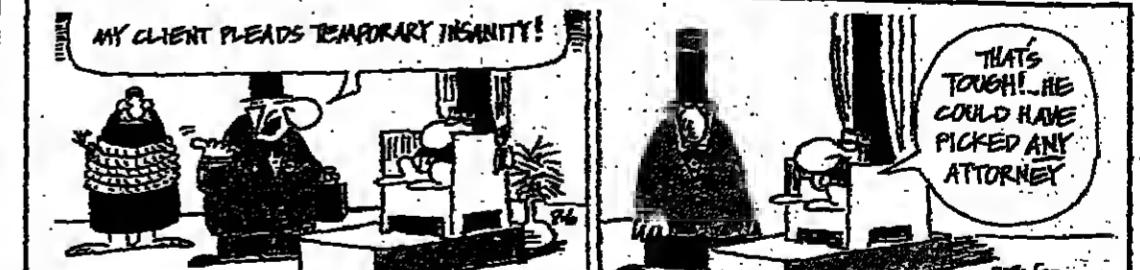
CREBIK

Answer here: \_\_\_\_\_

### BLONDIE



### WIZARD OF ID



### BEEBLE BAILEY



### REX MORGAN



### DOONESBURY



### GARFIELD

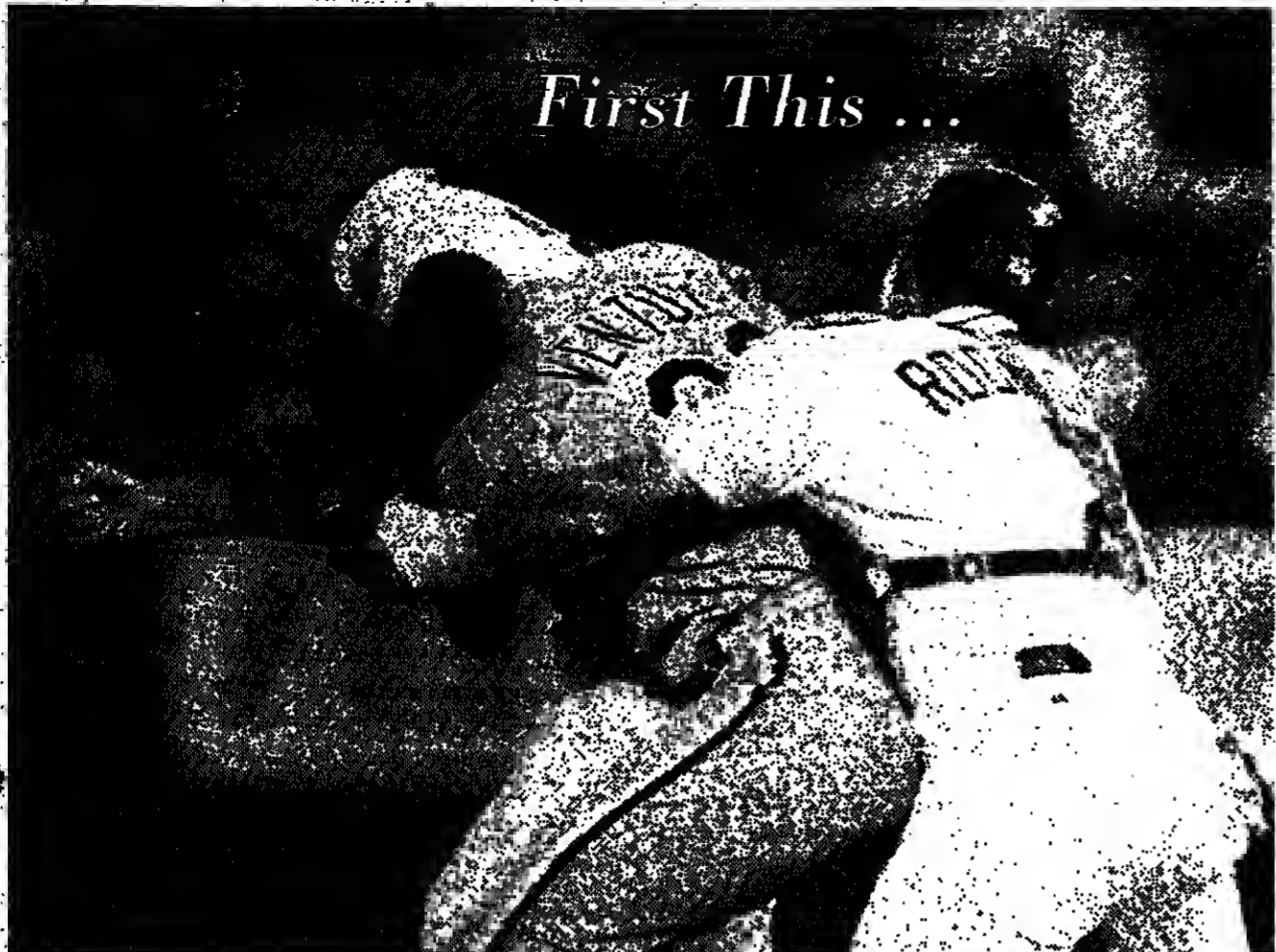


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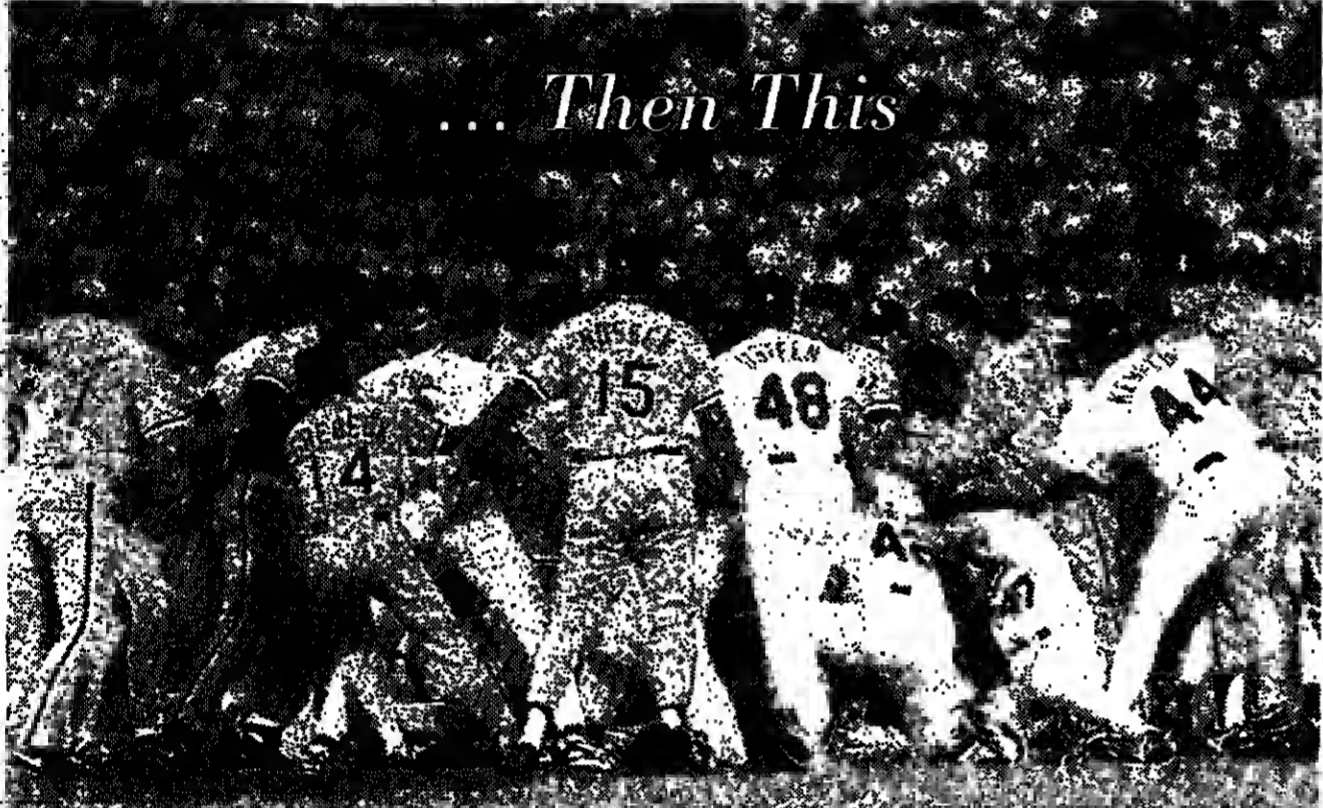
SPORTS BASEBALL



Ryan Stops the Foe on All Fronts

The Associated Press
Robin Ventura couldn't hit Nolan Ryan with a punch, after which the rest of the White Sox couldn't hit him, either.

There on a breaking ball. Ryan should have been ejected, but it's not going to happen because he's Nolan Ryan.



Olson Homers to Save Braves

The Associated Press
Greg Olson capped a four-run Atlanta rally in the eighth inning with a three-run homer to give the Braves a 9-8 victory over the Philadelphia Phillies.

runner to reach second base for seven innings. By the time he did, in the eighth, the Yankees led 6-0.

POW!—The Rangers' Nolan Ryan, top left, had a few answers for the White Sox's Robin Ventura, who charged to the mound after the 46-year-old Texas singer hit him with a pitch.

Welcome to Europe: Tales of the NFL

The Associated Press
The last time the Dallas Cowboys had a "media day," they were in Los Angeles preparing for the Super Bowl.

AL ROUNDUP

"I decided then I wasn't going to take it the next time it happened. I decided I would be the aggressor."

NL ROUNDUP

single off reliever David West, and Terry Ledford walked. West struck out on a bunt.

SCOREBOARD

BASEBALL

Major League Standings

Table showing Major League Standings for American League and National League.

SWIMMING

Table showing results of the European Championships Final in Swimming.

CRICKET

Table showing results of the third test match between Sri Lanka and West Indies.

SOCCER

Table showing results of international friendly matches.

SIDELINES

Tapie 'Broke'? He Was Just Kidding
PARIS (Reuters)—The chairman of the Marseille soccer team, Bernard Tapie, mired in controversy over alleged bribery by the European champions.

Steinbrenner Accused of Funny Math

NEW YORK (UPI)—The Bronx borough president, Fernando Ferrer, took a verbal swing at Yankees owner George Steinbrenner for complaints about low stadium attendance.

Peterson, Ex-Florida State Coach, Dies

TALLAHASSEE, Florida (AP)—Bill Peterson, who coached Florida State to football prominence during the 1960s, died Thursday after a long battle with cancer.

For the Record

Jennifer Capriati's hopes of winning the Mazda Tennis Classic, in Carlsbad, California, for the third year in a row vanished Wednesday night when she dropped out because of a back injury.

The University of Alabama athletic director, Hootie Ingram, called "kind of way out" claims by Gene Bartow, the former UCLA basketball coach now with Alabama-Birmingham, that he had believed his wife was in danger had the NCAA probed too deeply into the activities of a top UCLA booster allegedly tied to the Mafia.

Mets Expect Coleman To Be Back

NEW YORK TIMES SERVICE
MONTREAL — The New York Mets have informed Vinny Coleman, who is under a felony charge of possessing an explosive, that for now he is expected to rejoin the club two days after his arraignment, expected to be held Tuesday in Los Angeles.

Mets Manager Is Urged to Apologize

NEW YORK (UPI)—Mets manager Dallas Green has been taken to task by women's rights supporters for joking more than five weeks ago that he beats "the hell out" of his wife in relieve the strain of losing.

Peterson, Ex-Florida State Coach, Dies

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ESORTS & GUIDES: BELLE EPOCH THE ESCORT SERVICE, BELGRAVIA ORCHIDS, INTERNATIONAL CLASSIFIED, ESCORTS & GUIDES, MERCEDES ESCORTS, ACACIA INTERNATIONAL, ESCORTS & GUIDES, ESCORTS & GUIDES, ESCORTS & GUIDES, ESCORTS & GUIDES.

OBSERVER

The Dinghy of State

By Russell Baker

NEW YORK — Composed after deep immersion in news accounts of the clownish budget dispute in Washington...

thousands of loyal company men as well as loyal company women to the rolls of the unemployed and once again making a mockery of Clinton's campaign pledge...

Meanwhile the Republicans are pledged to vote unanimously against absolutely everything...

The entire Senate, Republicans excepted of course, closed ranks behind Bunnell's gas tax cap...

At Salzburg, More Words and Less Music

By John Rockwell New York Times Service

SALZBURG, Austria — Even with Gerard Mortier's modernist reforms, the Salzburg Festival is still thought of as a celebration of music and opera...

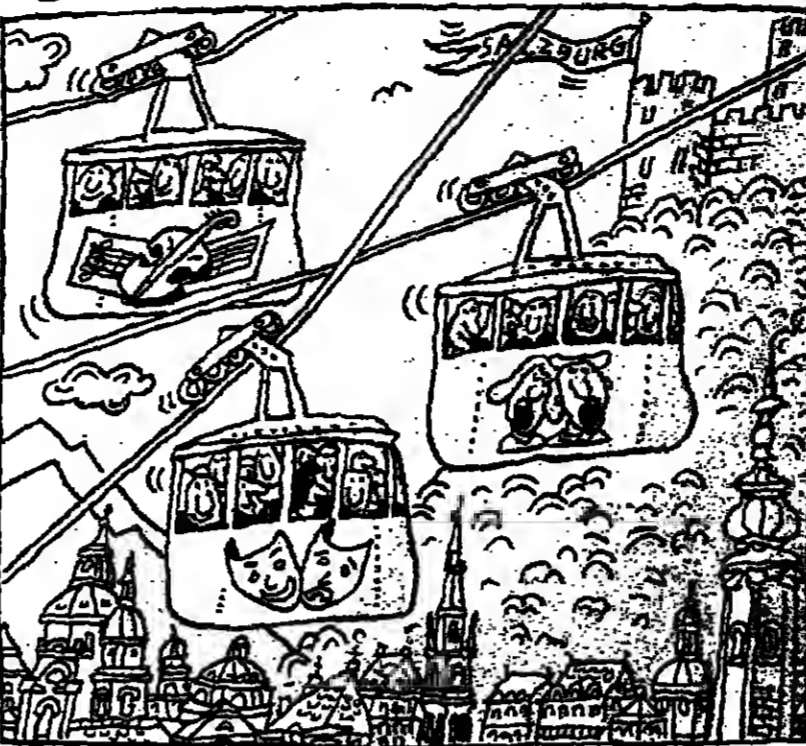


Illustration by [Name]

With the aid of Peter Stein, a German director, that ambition has been triumphantly achieved, in a way that even Mortier's many enemies are compelled to applaud...

My idea," Mortier affirmed the other day in his office. Originally he thought he would handle theatrical matters himself...

disparity means a more diverse, informal audience for theater. Certainly the three new productions in the early part of this summer's festival...

Long predating the new regime, there is also Hugo von Hofmannsthal's version of the medieval mystery play "Everyman..."

It is in theater that Mortier's long-cherished goal of transforming the Salzburg public has made the most headway...

Warner's "Coriolanus" got mixed reviews, and the negative ones were revelatory of the differences between English and German theater...

PEOPLE

Is the Holy Land Ready For Show by Madonna?

Madonna will take her sexually explosive act to Israel in October following in the path of Elton John, Bob Dylan and Michael Jackson...

"A 'deeply hurt' Sesame Street, the prima ballerina developed by the late choreographer George Balanchine, says she's been fired...

Princess Diana says she would just like some peace and quiet and wishes photographers would stop following her around...

Comic actors Whoopi Goldberg and Martin Lawrence and the Fox variety series "In Living Color" took two awards each at the first South Train Comedy Awards...

INTERNATIONAL CLASSIFIED Appears on Pages 4, 5 & 6

WEATHER

Forecast for Saturday through Monday, as provided by Accu-Weather.

Table with columns for Europe, Asia, Africa, and Oceania, listing cities and weather forecasts.



Table with columns for North America, Europe, Asia, and Latin America, listing cities and weather forecasts.

CROSSWORD

Crossword puzzle grid with clues for Across and Down. Includes solutions for puzzle of Aug. 5.

If you're going to travel all over the map, here's how to call from almost any point on it.

Large advertisement for AT&T Access Numbers, featuring a 'CAFÉ' sign and a list of international phone numbers.